

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

REVIEW REPORT  
OF  
INDIANA PORT COMMISSION  
STATE OF INDIANA  
January 1, 2005 to December 31, 2005



**FILED**  
12/29/2006



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Agency Officials.....	2
Independent Accountant's Report .....	3
Review Comment: Vehicle Allowance.....	4
Exit Conference .....	5
Official Response .....	6

#### AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Rich Cooper	08-17-05 to 12-31-06
	Ken Kaczmarek	04-19-05 to 08-17-05
	Rich Cooper (Interim)	01-01-05 to 04-19-05
Chairman of Commission	Ken Kaczmarek	02-16-06 to 12-31-06
	Marvin Ferguson	04-19-05 to 02-16-06
	Ken Kaczmarek	01-01-05 to 04-12-05



# STATE OF INDIANA

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA PORT COMMISSION

We have reviewed the compliance with laws and regulations of the Indiana Port Commission for the period of January 1, 2005 to December 31, 2005. The Indiana Port Commission's management is responsible for the compliance with laws and regulations.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

The financial statements of the Indiana Port Commission for the period January 1, 2005 to December 31, 2005, were audited by other auditors. The financial statement report is on file in our office as a public record.

Based on our review, nothing came to our attention that caused us to believe that the laws and regulations of the Indiana Port Commission are not in all material respects in conformity with the criteria set forth in the Indiana Code and policies and procedures established by the Indiana Port Commission except as stated in the review comment.

STATE BOARD OF ACCOUNTS

October 2, 2006

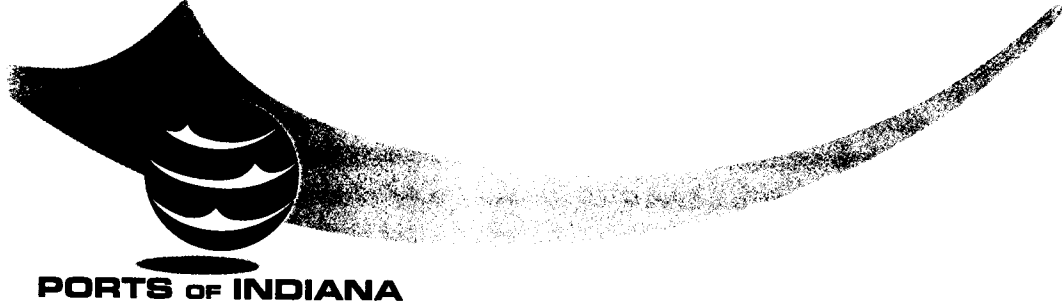
INDIANA PORT COMMISSION  
REVIEW COMMENT  
December 31, 2005

VEHICLE REIMBURSEMENT

During the review of payroll records, we noted that four employees (Executive Director and three Port Directors) received a monthly automobile allowance as reimbursement for the business use of a personal vehicle. These reimbursements were paid under a nonaccountable plan as defined per 2006 IRS Publication 463, Chapter 6, page 28. 2006 Publication 15, Circular E, Chapter 5, page 10, requires that such an allowance be treated as wages for a nonaccountable plan. We noted that these allowances had not been included on the employees' Form W-2. Contact should be made with the IRS to resolve this issue.

INDIANA PORT COMMISSION  
EXIT CONFERENCE

The contents of this report were discussed on November 6, 2006, with Rich Cooper, Executive Director; and Kerry Nicholas, Controller. The official response has been made a part of this report and may be found on page 6.



**PORTS OF INDIANA**

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November 15, 2006

State Board of Accounts  
302 West Washington Street  
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Indianapolis, IN 46204-2765

### OFFICIAL RESPONSE

To Whom It May Concern:

The Ports of Indiana is respectfully responding to the review comments provided on November 5, 2006 related to the Fiscal Year 2005 audit completed by the State Board of Accounts.

Our management team is committed to appropriately reporting all employee benefits. In 2005, adequate supporting documentation of car allowance payments did not meet compliance with adequate accounting rules for employers under IRS Publication 463 and 535.

Effective immediately, all car allowance payments will be substantiated with the required documentation. The Ports of Indiana will make appropriate contact with the Internal Revenue Service no later than December 1, 2006 for guidance on the correction of the 2005 auto allowances.

Sincerely,

Rich Cooper  
Executive Director

Kerry C. Nicholas  
Controller